



Automotive Industry Weekly Digest

23 August – 27 August 2021





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[Sales Highlights] Geely posts 4% y/y increase in net profit during H1

IHS Markit perspective

Implications	Geely's positive financial performance can be attributed to the rebound in sales during the first half of the year. Geely has been focusing on the introduction of new energy vehicles and models with smart and intelligent capabilities during 2021.
Outlook	Despite the semiconductor shortage, the automaker is maintaining its full-year 2021 sales volume target of 1.53 million units. In order to ensure a stable supply of microchips for its vehicle production, Geely recently acquired, through one of its subsidiaries, a 40% stake in semiconductor company Guangdong Xinyueneng Semiconductor.

Chinese automaker Geely Automobile Holdings has released its interim results for the first six months of 2021. The automaker posted a first-half net profit attributable to the equity holders of the company at CNY2.381 billion (USD367.4 million), up 4% year on year (y/y), according to a filing with the Hong Kong Stock Exchange. Revenues during the period stood at CNY45.032 billion, up 22% y/y, on total sales volume of 630,237 units (including Lynk & Co-branded vehicles), up 19% y/y, driven by a strong rebound of passenger vehicle demand in the Chinese market and despite the Group's decision to phase out some older models since the beginning of this year. Geely Group's domestic sales volume during the period stood at 576,815 units, up 13% y/y, while exports stood at 53,422 units, up 173% y/y.



The company recorded a 16.7% y/y increase in selling and distribution expenses during the first half of 2021, at CNY2.554 billion, while administrative expenses rose 21.6% y/y to CNY3.246 billion attributed to the increase in amortisation expenses as a result of substantial investment in research and development (R&D) over the past years. Geely spent CNY2.304 billion in R&D expenses during the first half of 2021, compared to CNY1.721 billion in the same period last year.

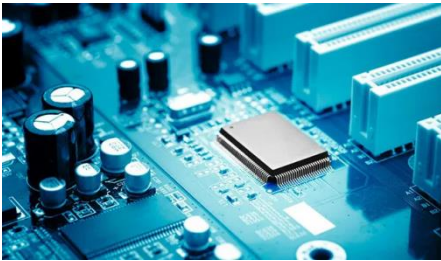
Despite the semiconductor shortage, Geely is maintaining its full-year 2021 sales volume target of 1.53 million units, representing a growth of 16% from previous year, although the recent worsening of the chip shortage and the global resurgence of coronavirus disease 2019 (COVID-19) cases could pose a significant threat to its sales performance over the next few months, thus undermining the prospects of achieving the target.

Outlook and implications



Geely's positive financial performance can be attributed to the rebound in sales during the first half of 2021; it has been focusing on the introduction of new energy vehicles (NEVs) and models with smart and intelligent capabilities during 2021. To accelerate the launch of its battery electric vehicles (BEVs), Geely has established a new subsidiary, Zeekr, which will be responsible for the launch and marketing of upcoming BEVs based on Geely's dedicated EV architecture. The first vehicle from this new subsidiary, the Zeekr 001, is a four-door EV with a driving range of 700 km. During the second half, the list of planned new model introductions from Geely includes a compact sedan, a compact SUV based on the CMA platform, the Zeekr 001, the Geometry A00 SUV, and a full-size SUV under the Lynk & Co brand.

In order to ensure a stable supply of microchips for its vehicle production, Geely recently acquired, through one of its subsidiaries, a 40% stake in semiconductor company Guangdong Xinyueneng Semiconductor.



The company has registered capital of CNY400 million and focuses on the design, manufacturing, and sale of integrated circuits and manufacturing of discrete semiconductors. According to media reports, Geely has also set up two other affiliate microchip companies since the fourth quarter of last year to focus on design and services related to integrated circuits.

Earlier this month, Geely partnered with Renault to form a hybrid vehicle JV to produce and sell Renault hybrid cars in China using Geely's technologies, supply chains and manufacturing facilities, while Renault would focus on sales and marketing. The two parties have also agreed to evaluate the possibility of localising Geely's Lynk & Co-brand hybrid vehicles in South Korea, where Renault has manufacturing and sales facilities. The two partners are also looking at joint development of BEVs. The partnership between Geely and Renault will help drive synergies in technologies, supply chains and manufacturing, and reduce the development costs for EVs and other future mobility technology for both the automakers.

[Sales Highlights] Chinese new vehicle sales decline 11.9% y/y in July – CAAM



IHS Markit perspective

Implications	Along with the semiconductor shortage problem, new vehicle sales in China took a hit last month due to the massive floods in northern parts of the country. To add to the problems, the Delta variant of COVID-19 is spreading rapidly in China and could bring a fresh round of production disruptions and lockdown.
Outlook	According to IHS Markit's light-vehicle market forecasts, light-vehicle sales in mainland China are expected to increase 5.85% y/y to 25.052 million units in 2021.

The auto market of mainland China experienced a year-on-year (y/y) decline in new vehicle sales for a third consecutive month during July, due to softer demand for passenger vehicles (PVs) and for commercial vehicles (CVs). According to data released by the China Association of Automobile Manufacturers (CAAM), new vehicle sales on a wholesale basis decreased 11.9% y/y to 1.864 million units last month, while production was down by 15.5% y/y to 1.863 million units. In the year to date (YTD) to June, new vehicle sales were up by 19.3% y/y to 14.756 million units, while production volumes grew 17.2% y/y to 14.44 million units.

Of the total new vehicle sales and production in China last month, PV sales decreased 7.0% y/y to 1.551 million units, while PV production was down by 10.7% y/y to 1.548 million units. The CAAM definition of PVs includes sedans, sport utility vehicles (SUVs), multi-purpose vehicles (MPVs), and minivans. During July, China's sedan sales decreased 8.4% y/y to 711,000 units, MPV sales declined 5.6% y/y to 80,000 units, SUV sales dropped 6.2% y/y to 724,000 units, while minivan sales increased 2.5% y/y to 36,000 units. In the YTD, Chinese sales of PVs were up 21.2% y/y to 11.560 million units, while production of PVs increased 20.1% y/y to 11.394 million units.



China's CV sales, including medium and heavy vehicles, also remained weak in July. During the month, sales volumes of CVs dipped by 30.2% y/y to 312,000 units, while CV production declined 33.2% y/y to 315,000 units. In the YTD, sales of CVs rose by 12.9% y/y to 3.196 million units, while production of CVs increased 7.6% y/y to 3.045 million units.

China's sales of new energy vehicles (NEVs), which include battery electric vehicles (BEVs), plug-in hybrid electric vehicles (PHEVs), and fuel-cell vehicles (FCVs), increased 164.4% y/y to 271,000 units in July. Sales of passenger NEVs grew 175% y/y to 256,000 units in July, while sales of commercial NEVs increased 58.2% y/y to around 15,000 units. Within the NEV passenger car category, in July, sales of BEVs were up 179.0% y/y to 206,000 units, while sales of passenger PHEVs stood at 50,000 units, up 159.7% y/y. In the YTD, NEV sales in China rose by 197.1% y/y to 1.478 million units.

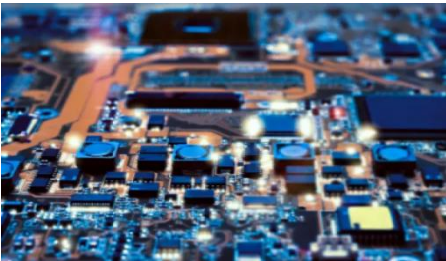
China's new vehicle exports jumped by 179.5% y/y to 174,000 units in July. By vehicle type, PV export volumes increased 213.1% y/y to 140,000 units, while CV export volumes grew 94.6% y/y to 34,000 units.



Outlook and implications

New vehicle sales in China declined y/y for a third consecutive month in July, after four consecutive months of increase, due to a higher base of comparison. Chinese new vehicle sales were affected from January to March last year by the coronavirus disease 2019 (COVID-19) virus outbreak. However, new vehicle sales started to rebound in April 2020 and jumped sharply in May, June and July last year.

The y/y decline in vehicle sales in China during July was also a result of the semiconductor shortage issue affecting global automakers this year. In mainland China, based on available information, the latest estimate of vehicle production lost over the microchip shortage is unchanged at 364,000 units in the first quarter, is unchanged at 420,000 units in the second quarter. The latest update shows 161,000 units at risk during the third quarter due to disruptions at SAIC-General Motors (SAIC-GM) joint venture (JV), with additional disruption at the SAIC-VW JV, the JV between GAC and Toyota and Honda Wuhan plants. Overall, the Chinese market has been less disrupted than initially expected and this could be attributed to the market being the first to recover from the COVID-19-related lockdowns of early 2020. Moreover, Chinese domestic OEMs, like OEMs operating in India, South America and across much of the ASEAN region have lower levels of semiconductor content per vehicle compared to vehicles in the mature manufacturing regions and these semiconductors are more typically of the larger, less sophisticated variety, which face less competition from other industry sectors.



Along with the semiconductor shortage problem, new vehicle sales in China took a hit last month due to the massive floods in northern parts of the country. To add to the problems, the Delta variant of COVID-19 is spreading rapidly in China and could bring a fresh round of production disruptions and lockdown.

Meanwhile, despite the slowdown in sales of ICE vehicles, sales of NEVs have been following a steady growth path. According to an earlier statement by CAAM's executive vice-chairman, Fu Bingfeng, Chinese NEV sales are anticipated to increase by more than 40% each year for the next five years. According to the estimate, NEV sales in China will reach 1.9 million units in 2021 and 2.7 million units in 2022. A high-ranking government industrial policy adviser has said that the country may extend tax exemptions on NEV purchases beyond 2022. To promote the use of NEVs, China is aiming for all the vehicles used in the public service area to be fully electrified and for FCVs to be commercially viable by 2035. The government also plans to promote electrified buses and other vehicles used in city logistics services and urban sanitation services.

According to IHS Markit's light-vehicle market forecasts, light-vehicle sales in mainland China are expected to increase 5.85% to 25.052 million units in 2021.



[Technology Highlights] Chery forms JV with Haier to build automotive IoT platform

Chery Automobile has partnered with Haier Group, a Chinese multinational home appliances and consumer electronics company, to form a joint venture (JV) named Anhui Haixingyun Internet of Things Technology. The JV company, which involves a registered capital of CNY50 million (USD7.72 million), is 51% owned by Wuhu Chery Information Technology, whose majority shareholder is Chery Automobile, with the remaining share owned by Haier Digital Technology (Qingdao). The new company will use COSMOPlat, Haier's industrial internet platform developed in-house, to build a large-scale customised industrial internet platform for the automotive industry, reports Gasgoo.



Outlook and implications

In April, Chery and Haier signed a framework agreement to co-operate on building an IoT (Internet of Things) platform for the automotive industry. Chery is accelerating its efforts to develop smart cars and has developed first and second generations of unmanned driving products. The automaker has integrated its Chery Lion 2.0 system with the Chery Tiggo 8 and EXEED models, which support functions such as voice control, facial recognition, AR navigation, internet service, and smart home.

[Technology Highlights] Baidu showcases latest autonomous, AI technology developments at Baidu World 2021

IHS Markit perspective

Implications

Baidu has unveiled latest advancements related to its AI and AV technologies at its annual flagship technology conference, Baidu World 2021. This includes revealing the first Level 5 robocar with no steering wheel, pedals, or other controls for a human operator. The company also announced a new robotaxi app called "Luobo Kuaipao" which is aimed at commercialising autonomous operations at scale. In addition, it launched the second-generation version of its AI chip, Kunlun II, and the seventh version of Baidu Brain.



Outlook

In China, Baidu is the leading player in autonomous technology and launched its AV platform, Apollo, in July 2017. Baidu Apollo has obtained 278 licences to test AVs and has conducted road tests in more than 27 cities. Baidu's robotaxi service is available in Beijing, Cangzhou, Changsha, and Guangzhou, with plans to expand it to 30 cities over the next three years. As of June 2021, the Baidu Apollo autonomous service has provided more than 400,000 rides and driven more than 8.7 million miles. Through its smart driving unit Apollo, the company plans to offer robotaxi services to 3 million users in China in 2023.



Baidu Level 5 robocar
Baidu

Baidu has unveiled the latest advancements related to its artificial intelligence (AI) and autonomous vehicle (AV) technologies at its annual flagship technology conference, Baidu World 2021. This includes revealing its first fully autonomous robocar which is designed to make AVs more accessible to the broader public. The robocar is equipped with a Level 5 autonomous system, representing fully autonomous capability, with no steering wheel, pedals, or other controls for a human operator. To make the interior more spacious, the robocar features automated gull-wing doors and a transparent glass roof. It also incorporates zero-gravity seats, a large curved intelligent display and control pad for the comfort of passengers. A suite of external sensors is deployed in the robocar for safe navigation on public roads. Other features include voice and facial recognition and advanced AI technology. The robocar can access the internal and external environment and make predictive suggestions to proactively serve the passenger's needs. Baidu co-founder and CEO Robin Li, said, "We believe that cars of the future will be robocars. They will drive autonomously, act as both an intelligent assistant and loyal companion, and be self-learning". The company also announced a new robotaxi app called "Luobo Kuaipao" which is aimed at commercialising autonomous operations at scale. With these two new products, Baidu through its Apollo intelligent driving program, is demonstrating its shift towards what it calls "the era of autonomous driving 2.0", which is marked by a transition from technical verification to large-scale commercial operation.

At the conference, Baidu also launched the second-generation version of its AI chip, Kunlun II, which has entered mass production. The 7nm Kunlun II AI chip is designed to support AV operations by assisting devices in processing huge amounts of data and boosting computing power. It delivers double or triple the performance of the previous generation and is equipped with Baidu's own second-generation XPU architecture. The Kunlun II AI chip supports all types of algorithms including speech, vision, natural language processing and intelligent recommendation. In addition, Baidu CTO Haifeng Wang announced the latest, seventh, version of Baidu Brain, which offers greater integration of a wide array of knowledge sources and deep learning. Wang said, "AI technology is growing increasingly complex, and integrated innovation has made AI more powerful".

Outlook and implications



In China, Baidu is the leading player in autonomous technology and launched its AV platform, Apollo, in July 2017. Baidu Apollo has obtained 278 licences to test AVs and has conducted road tests in more than 27 cities. Baidu's robotaxi service is available in Beijing, Cangzhou, Changsha, and Guangzhou, with plans to expand it to 30 cities over the next three years. As of June 2021, the Baidu Apollo autonomous service has provided more than 400,000 rides and driven more than 8.7 million miles. Through its smart driving unit Apollo, the company plans to offer robotaxi services to 3 million users in China in 2023.

In China, Baidu is the leading player in autonomous technology and launched its AV platform, Apollo, in July 2017. The platform supports all the major features and functions of an AV and the China's central government has designated Apollo as the national autonomous platform. Since its launch, the Chinese technology company has been urging automakers, tier-1 suppliers, and others to join its open platform to speed up the development of autonomous technology and, so far, has attracted more than 200 partners. Partners can integrate Apollo software into their own autonomous systems. Baidu Apollo has obtained 278 licences to test AVs and has conducted road tests in more than 27 cities. Baidu's robotaxi service is available in Beijing, Cangzhou, Changsha, and Guangzhou, with plans to expand it to 30 cities over the next three years. As of June 2021, the Baidu Apollo autonomous service has provided more than 400,000 rides and driven more than 8.7 million miles. Through its smart driving unit Apollo, the company plans to offer robotaxi services to 3 million users in China in 2023. Baidu has collaborated with BAIC Group's ARCFOX electric vehicle (EV) brand to build the Apollo Moon, an EV robotaxi that would be mass-produced for CNY480,000 (USD74,986) per unit. Over the next three years, the companies jointly plan to develop 1,000 Apollo Moon EVs.

As well as passenger cars, Baidu has also developed an autonomous bus, the Apolong, which has been in production since 2018. The bus has been deployed in 22 urban parks in Chinese cities and has served 120,000 users while travelling a total of 120,000 km. Recently, Baidu has launched a new-generation autonomous minibus, named Apolong II, which will be deployed for commercial services in Guangzhou's Huangpu district. Compared to the first generation, the Apolong II has received 155 capability enhancements. Its computing power has increased threefold to 372 trillion operations per second (TOPS) and its perception system has been enhanced to include two 40-channel LiDAR sensors. Baidu has built Apollo Park AV testing site in Beijing, Guangzhou, and Shanghai.



[OEM Highlights] Xiaomi to set up headquarters in Beijing

Xiaomi is looking to set up its auto business headquarters in Beijing where it will set up its first factory, reports Gasgoo citing local media outlet Auto Business Review. Over the last few months, the company has been reported to be in talks with Beijing, Shanghai, Wuhan, Hefei, and Xi'an over where to locate its auto project. The latest development follows the company's plans to hire 20 engineers for autonomous technology in Haidian District of Beijing. The company is yet to confirm its plans.



Outlook and implications

Chinese tech giant Xiaomi first announced plans to set up a smart electric vehicle (EV) business subsidiary in March this year. The company plans to invest CNY10 billion (USD1.6 billion) in the initial phase of the development and plans a total investment of USD10 billion over the next 10 years to support its EV business. The company hopes to launch its first EV equipped with Level 3 autonomous technology in three years; its upcoming models are likely to be built by a partner engaged in contracting manufacturing and are likely to be positioned in the entry and standard price segment to appeal to first-time EV buyers.

[OEM Highlights] Xpeng begins phase two of expansion project at Zhaoqing smart EV manufacturing base

Chinese electric vehicle (EV) startup Xpeng has signed an agreement with the Zhaoqing municipal government and the Zhaoqing High Technology Industry Development Zone for expansion of its Zhaoqing Smart EV Manufacturing Base in Guangdong Province, according to a company statement. After completion, annual output capacity of the Zhaoqing Base will increase from 100,000 units to 200,000 units.

Outlook and implications



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The planned increase in capacity will help Xpeng to accommodate the growing demand for its models in the country. Xpeng earlier reported 388% year-on-year (y/y) increase in sales during the first seven months of the year to 38,778 units. Xpeng has already begun construction at its new manufacturing plant site in Wuhan with an annual production capacity of 100,000 units. With two new plants under construction, Xpeng will soon have the capacity to build its models at its own facilities in the next few years. IHS Markit forecasts total production volume of Xpeng models to be around 77,000 units this year and 79,000 units in 2022.



[GSP] ASEAN Sales and Production Commentary -2021.07

ASEAN sales

June 2021: +16.5%; 182,375 units vs. 156,589 units

YTD 2021: +34.4%; 1,300,008 units vs. 967,494 units

- Light vehicle sales in the Association of Southeast Asian Nations (ASEAN) recorded about 182,000 units in June 2021, marking an increase of 17.0% compared with June 2020. In January–June 2021, the market increased 34.0% to about 1.30 million units. The ASEAN market will likely increase 10.0% to about 2.71 million units in 2021.
- Thai light vehicle sales in June 2021 increased 16.0% year on year (y/y) and increased 15.4% month on month (m/m) to 63,140 units. June 2021 sales also include luxury brands now being compiled and reported only in the last month of each quarter since second quarter 2020. In June 2021, the Thai consumer confidence index collapse to 43.1 points—the lowest since October 1998, when the survey started, owing to the COVID-19 pandemic. New daily COVID-19 infection cases keep surging from 2,500 at the beginning of June to 5,000 cases at the end of month with death tolls rising continuously. The confidence index will unlikely be improved in the coming months amid the worsening COVID-19 situation and the July lockdown in Bangkok and nine high-risk provinces that includes a shutdown of most shopping zones in department stores, limits intercity traveling, and a 9pm–4am curfew. While the vaccination rate (at least one dose) was only around 13.8% of the total population, or 12.9 million doses, for almost 70 million population as of 12 July 2021. In May, the Bank of Thailand downgraded Thailand's 2021 GDP forecast to 1–2%. Anyway, the recent government's 14-day lockdown measures in July may cost the economy up to THB50–60 billion amid concerns over further damage if the government fails to curb the ongoing COVID-19 outbreak. Therefore, IHS Markit analysts expect the economy to shrink sharply in the third quarter.



- Vehicle sales during January–June hit 366,500 units, which marked a 14.5% y/y increase owing to the strong momentum from pent-up demand since late fourth quarter 2020 along with the motor show in March that could draw some demand and the low base in 2020 due to the strict lockdown measures. Sales during the first half of 2021 were affected by the second and third waves of the COVID-19 pandemic and production slowdowns owing to the global semiconductor shortage issue at many OEMs including Honda, Mazda, Nissan, and Suzuki. In the second half of 2021, a y/y decline is expected because of the fourth wave of the pandemic with the more contagious Delta variant, the clouded economic outlook, and the higher base in the second half of 2020 when the market had quickly recovered. Challenging issues that threaten consumer confidence and spending include the question of how long will the government be able to control the spread of the COVID-19 virus; can it procure efficient vaccines and timely manage the vaccine rollout; as well as provide aid to consumers, small and medium-sized enterprises (SMEs), the unemployed, and tourism businesses that have suffered high costs and lost tremendous income for almost a year from the lack of foreign tourists. On the positive side, the growing economy and global trade will push exports to again become one of the key contributors to the Thai economy in 2021. However, shipping container shortages could be a threat to product delivery performance. The main segment driver in 2021 is expected to be the country's product champion—the pickup truck segment. The high recovery momentum of pickup trucks since



2020 will continue, along with new product updates from OEMs that will attract consumers. Unemployment in big cities has forced people to return home to small towns to start small local businesses using pickups for operation. The fast-growing e-commerce business and in-home delivery services have also supported pickup demand. The xEVs continue to interest consumers more, in line with the global trend of electric car popularity during the COVID-19 outbreak. Concerns over PM2.5 pollution problems in Thailand also contribute to their popularity. New launches of battery-electric vehicles (BEVs) from the ORA brand under Great Wall Motors (Thailand) with an affordable price range in 2021 and 2022 could attract more target customers, including middle-income customer groups, and increase more BEV-segment sales. The sales forecast for 2021 is expected to be downgraded again in the September database from the current forecast of 0.78 million units, marking a 0.7% y/y increase, reflecting the intensity of the COVID-19 pandemic wave, slumping consumer confidence, the slow vaccine rollout, the slowdown of the economy, and the limited spending on luxury goods.

- In the short term, even as the effects of the COVID-19 virus will continue pressuring the economy, businesses, and consumer behaviors, IHS Markit analysts expect expedited sales growth during 2022–24 because of the low base in 2020–21. Sales should also be supported by the new elections, urban expansion after the completion of the megaproject on public transportation, and substantial overseas investments to join the Eastern Economic Corridor (EEC)—Thailand’s new flagship economic zone. Urban expansion will continue, especially in cities that are bordering provinces that have gained free-trade and labor opportunities after the creation of the ASEAN Economic Community. The government’s automotive policy supporting the eco-car program and the electric vehicle (EV) scheme will likely contribute to Thai market demand in the short and long terms. OEMs that successfully join the scheme will reap benefits in terms of reduced import tariffs on machinery, raw material privileges, and corporate income tax exemptions in return for local production of hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), BEVs, and EV components. In the longer term, IHS Markit analysts forecast the automotive industry will grow at a slower pace as penetration levels and public transportation—especially the Skytrain in Bangkok—expand. In addition, there are more concerns about limited roads, high traffic congestion in big cities, and the growing number of alternative services for car sharing—Uber and GrabTaxi will be threats in the future.



- Indonesia’s light vehicle market increased 474.0% y/y and 33.0% m/m to a record of 68,000 units during June 2021. The sales achievement was driven by the government’s decision to extend the 0% luxury sales tax on sedans and two-wheel drive cars with engines less than 1,500 cc.—scheduled to end by May 2021—to August 2021. The government also will give more discounts during the rest of 2021 for this eligible group—from a 25% luxury tax reduction to a 50% discount. Not only sedans and two-wheel drive cars with engines less than 1,500 cc., but also two-wheel cars and four-wheel cars with engines between 1,501 cc. and 2,500 cc. enjoyed a 50% and 25% luxury sales tax reduction, respectively, in June. The automotive market is considered likely to return to a crisis in July as the government announced emergency restrictions on public activities in Java; the largest contributor to car sales every year, and Bali from 3 July to 20 July to stem a spike in COVID-19 cases. Most car showrooms are closed. They can operate workshop at only 25% of capacity. For year-to-date (YTD) performance, the Indonesia market increased 50.0% y/y to about 366,000 units. In the last forecast, IHS Markit analysts downgraded the 2021 Indonesian forecast because several virus organizations are warning about the Delta variant, which has an infection rate that is going out of control and will require more lockdowns in the countries. The vaccine rollout is still a long way from happening, so the rise of COVID-19 cases may beat the positives from the tax break benefits. All in all, the market is expected to close with 0.69 million units or a 39.0% y/y increase. The main factors influencing the 2021 performance are government stimulus packages to counter further effects of the pandemic, especially for the



automotive sector; more crucial model launches in popular segments to attract consumers' interest; the vaccination program against COVID-19 to boost consumer confidence and spur the economy (the country started mass vaccinations during the third week of January 2021, and the two-dose vaccine will be free for all Indonesian citizens); and the corporate income tax cut since 2020 to attract investment and create more jobs. In addition, the president has issued the Presidential Decree on the Task Force for Investment Acceleration, aiming to improve the country's ease of doing business in order to encourage economic growth and provide employment opportunities. However, the efficiency of some vaccines against more virulent strains are still concerned. In the short-to-medium term, Indonesian car sales should continue to rise owing to robust demand, product refreshments, expectations of a further corporate tax cut, and public infrastructure improvement. For the longer term, the market should grow from a rising middle class. Considering the penetration rate is still low in the country, there remain plenty of opportunities for further growth in the years ahead. However, mass rapid transit (MRT) programs may result in consumers prolonging the decision to buy a new car, since MRT can accommodate many people at the same time through business areas that currently face severe traffic jams.

ASEAN production

June 2021: +56.7%; 242,355 units vs. 154,644 units

YTD 2021: +40.5%; 1,697,728 units vs. 1,208,233 units

- The Association of Southeast Asian Nations (ASEAN) region's light vehicle production in June 2021 significantly grew 56.7% year on year (y/y), with 242,355 units, while year-to-date (YTD) production during the first half of 2021 recorded 1.87 million units, up 40.5% y/y owing to the low base of comparison versus the same period in June 2020. In the July forecast update, ASEAN's 2021 production outlook was revised down by 55,400 units, largely owing to Malaysia's indefinite nationwide lockdown extension since early June, during which OEMs' manufacturing activities and sales operations were suspended for over six weeks as of mid-July, with anticipated lost output of over 38,000 units during July. In addition, Thailand's production was slashed by 11,400 units, hurt by the ongoing semiconductor shortage, as well as the consequences from the spread of the highly contagious COVID-19 delta variant amid the government's lockdown restrictions, which could deteriorate the Thai economy and the auto industry outlook through the year-end. Indonesia is now the new epicenter of the COVID-19 pandemic in Asia. The government has imposed strict nationwide restrictions measures to curb the spread of infections. OEMs in Indonesia have adjusted their production plans during July to follow the government's safety guidelines, with output cuts expected due to 50% of capacity. ASEAN's 2021 light vehicle production is now anticipated to reach nearly 3.32 million units, up 18% y/y.



[Supplier Trends and Highlights] LIZHI's in-car audio product to be part of new-generation Audi Connect

LIZHI is an online UGC audio community and interactive audio entertainment platform



Source: Getty Images Plus/Aleksandr Potashev

LIZHI has announced that its in-car audio product will be available Audi's ecosystem, the new-generation Audi connect, according to a company press release on 13 August.

"We are excited to provide LIZHI's in-car audio services to Audi customers. Our extensive library of high-quality audio content and AI-powered content distribution system position us well to deliver immersive in-car audio experiences for drivers and passengers in vehicles, especially as consumers increasingly desire premium in-car entertainment. In the future, we endeavor to further expand our cooperation in the in-car audio market to reach an even wider user base and continuously improve in-car audio experiences," said Jinnan (Marco) Lai, founder and CEO of LIZHI.

Outlook and implications

LIZHI is an online UGC audio community and interactive audio entertainment platform in mainland China. Earlier in August, LIZHI partnered with PATEO to boost the development of LIZHI's audio products in PATEO's internet of vehicles (IoV) system. In July, LIZHI tied up with Xinghe Zhilian Automotive Technology to integrate its audio products into Xinghe Zhilian's in-car communications and entertainment network.

[Supplier Trends and Highlights] IAA 2021: Startup Upstream to showcase cybersecurity and data analytics platform

Upstream to aid in building vehicle security operation center



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Source: Getty image/ gorodenkoff

Upstream Security will showcase its cybersecurity and data analytics platform and AutoThreat Intelligence solution at the IAA 2021, according to an official schedule on its website. The company will offer details on how automotive OEMs, tier-1 and tier-2 suppliers will be able to protect their connected vehicles and components. It will also help in building a vehicle security operation center (VSOC), and aid in compliance with new automotive cybersecurity standards and regulations.

Outlook and implications

Upstream Platform is a cloud-based cybersecurity and data analytics platform, which uses mobility data to secure connected vehicles and mobility services against cyberthreats. AutoThreat Intelligence is Upstream's threat intelligence and risk assessment solution which collects, analyzes, and uses mobility threat intel so that organizations can manage risks and vulnerabilities detected in their supply chain.

Upstream Security is an automotive cybersecurity company with investments from firms including Renault Venture Capital, Volvo Group, Hyundai, Nationwide Insurance, CRV, Gilot Capital Partners, Maniv Mobility, and Mitsui Sumitomo Insurance.

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